

**MINUTES OF THE  
ECONOMIC DEVELOPMENT AND WORKFORCE SERVICES INTERIM COMMITTEE**  
Wednesday, September 17, 2014 – 9:00 a.m. – Room 20 House Building

**Members Present:**

Rep. Rebecca P. Edwards, House Chair  
Sen. Patricia W. Jones  
Sen. Stuart C. Reid  
Sen. Brian E. Shiozawa  
Sen. Jerry W. Stevenson  
Rep. Jim Bird  
Rep. Lynn N. Hemingway  
Rep. Bradley G. Last  
Rep. Ronda Rudd Menlove  
Rep. Kraig Powell  
Rep. Angela Romero

Rep. Dean Sanpei  
Rep. Brad R. Wilson

**Members Absent:**

Sen. Aaron Osmond, Senate Chair  
Rep. Rich Cunningham

**Staff Present:**

Mr. Benjamin N. Christensen, Policy Analyst  
Mr. Peter Asplund, Associate General Counsel  
Ms. Debra Hale, Legislative Secretary

**Note:** A list of others present, a copy of related materials, and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

**1. Committee Business**

Chair Edwards called the meeting to order at 9:16 a.m. Sen. Osmond and Rep. Cunningham were excused from the meeting.

**MOTION:** Sen. Jones moved to approve the minutes of the July 16, 2014, meeting. The motion passed unanimously. Rep. Romero was absent for the vote.

**2. Temporary Assistance for Needy Families (TANF)**

Ms. Kathy Bounous, Director, Adjudications/Appeals, and General Counsel, Department of Workforce Services, introduced the agenda item and Ms. Sisifo Taatiti, Program Manager, Temporary Assistance for Needy Families.

Ms. Taatiti, referring to the handout "Department of Workforce Services: Legislative Brief – Temporary Assistance for Needy Families (TANF) – Revised September 2014," reviewed the purpose of the TANF program, details of the Family Employment Program, and other programs currently funded with TANF. She explained TANF funding mechanisms, new initiatives of TANF, current funding for the program, funding projections (including RFG awards), federal/state/local touch points, and the future impacts and considerations of the program.

**3. Arts, Libraries, and Museum Grants Program**

Mr. Brian Somers, Deputy Director, Department of Heritage and Arts, excused Ms. Julie Fisher, Director, Department of Heritage and Arts, who was experiencing health issues. He referred to a visual presentation addressing 2009 General Session H.B. 236, "Department of Community and Culture Grants," which provides that the Board of Directors of the Utah Arts Council, the Museum Services Advisory Board, the State Library Board, and the Board of State History evaluate applicants' requests for funding, then prepare and submit them to the governor and Legislature for prioritized capital facilities grants to be awarded to eligible applicants. Mr. Somers

reviewed the number of public requests handled by each of these entities. He sought the committee's input on whether the statutory process should be retained and followed, revised, or repealed altogether.

#### **4. Affordable Housing**

Ms. Tara Rollins, Executive Director, Utah Housing Coalition, referring to a visual presentation by the Utah Housing Coalition, stated that 30% of a household's income is the limit for affordable housing and utilities. She discussed the policies landlords must follow in order to participate in government housing programs and stated that the supply of affordable housing is not keeping up with the increasing demand. She said that the USDA Rural Development, USDA Rural Investments, U.S. Department of Housing and Urban Development, and the Olene Walker Loan Fund provide funding to assist low-income housing.

Ms. Terry Feveryear, Executive Director, Housing Authority of Salt Lake City, referenced a handout regarding housing assistance payments. She described the federal Low Income Housing Tax Credits program as a critical tool in the production of affordable housing and said that the fixed rate for the credits expired at the end of 2013 and needed to be renewed for 2014. Because of funding limits, she said, over 300 families are currently unable to receive assistance.

Mr. Steve Erickson, consultant, Crossroads Urban Center, reviewed a visual presentation, "Affordable Housing Presentation," which addressed the state's increasing population and housing demand, federal budget cuts, stagnant wages, low vacancy rate, and insufficient local and state housing trust funds as the primary causes for the state's shortage of affordable housing.

He said that options for increased funding may include a real estate transfer tax, document recording fee, interest on real estate escrow accounts, General Fund appropriations, general obligation bonds, and redevelopment tax increment financing set-asides. He concluded that transit-oriented development that includes low and moderate income housing can also help reduce transportation costs, making housing more affordable.

#### **5. Utah Fund of Funds Audit**

Mr. Darin Underwood, Audit Manager, Office of the Legislative Auditor General, provided handouts and reviewed "A Performance Audit of The Utah Fund of Funds – August 2014" for committee members.

Mr. Brian Dean, Audit Supervisor, Office of the Legislative Auditor General, referred to a visual presentation, "A Performance Audit of The Utah Fund of Funds," as he reviewed the audit, released in August 2014. He said that the audit found that the Utah Capital Investment Corporation (UCIC), which administers the Utah Fund of Funds (UFOF), overstated its economic impact, including overstating its reported positive effect on income tax revenue. He said that the audit also describes substantial inconsistencies in UFOF public reports and criticized the fund for not having an economic development plan or metrics that are consistently tracked or reported. Due to \$37.3 million in financing costs to date, he continued, UFOF's portfolio is currently negative but approaching a break-even point.

Mr. Dean said that between 2005 and 2013, three positions on UCIC staff received \$330,000 in bonuses and severance payments without any developed criteria or documentation. He stated that the UCIC was initially created in statute as an independent quasi-public corporation in 2003 to make venture capital fund investments through the UFOF to provide access to alternative capital to Utah entrepreneurs. While the obligations of the corporation are not obligations of the state or any of its political subdivisions, Mr. Dean said, investments are backed by Utah tax credits.

Mr. Bret Jepsen, Managing Director, Utah Capital Investment Corporation, addressing a visual presentation, "Utah Capital Investment Corporation," stated that the corporation's goal is to attract private investments to create jobs and focus on refinancing debt and getting costs down. Mr. Jepsen stated that the corporation's activities are working to improve transparency and increase investments in Utah, which lead to job creation. He reviewed the accomplishments of the UCIC and the improvements that the UCIC is undertaking in response to the audit.

Mr. Scott Peterson, Chairman, Board of Directors, Utah Capital Investment Corporation, said that he previously worked in the San Francisco Bay area where he saw the advantages of having a vibrant venture community and capital investment process.

Mr. Richard Pugmire, Qualification Investment Advisor, Utah Capital Investment Corporation, stated that it is hard to prove results when dealing with economic development. He said that some of the things UCIC is doing is demonstrated on page five of Mr. Jepsen's visual presentation, such as measuring the amount of introductions made to companies. However, he concluded, a business similar to UCIC cannot always know of the indirect influence it has on the economy.

#### **6. Other Committee Business / Adjourn**

**MOTION:** Sen. Reid moved to adjourn the meeting. The motion passed unanimously. Sen. Jones, Sen. Shiowaza, Sen. Stevenson, Rep. Bird, Rep. Hemingway, Rep. Romero, Rep. Sanpei, and Rep. Wilson were absent for the vote.

Chair Edwards adjourned the meeting at 12:07 p.m.